

**Town of Rhinebeck
Comprehensive Plan Interim Cost Analysis**

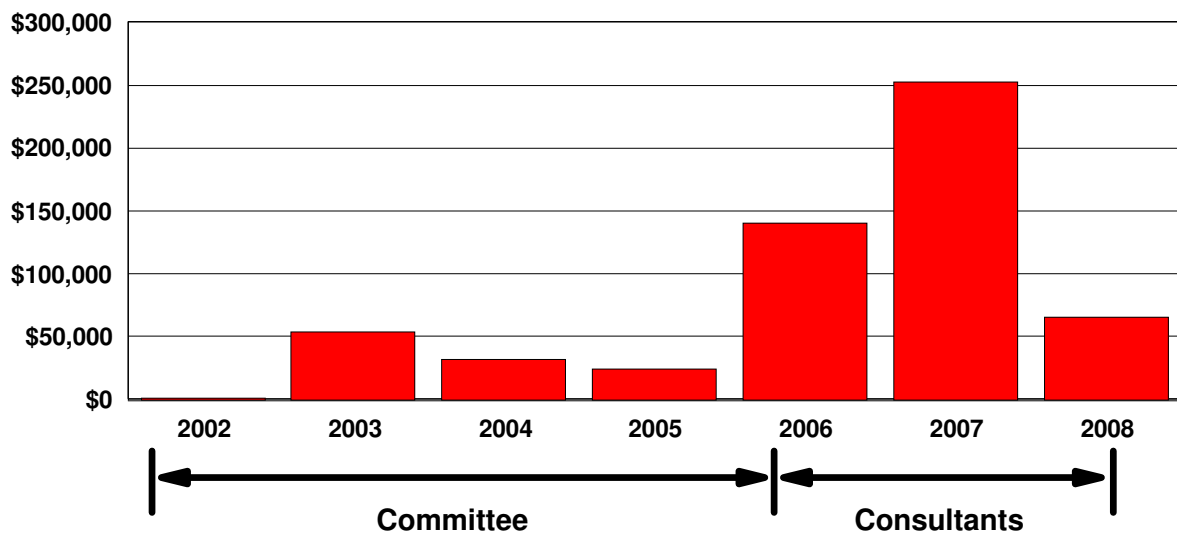
**Prepared by Bruce W. Washburn
Town Councilman**

July 27, 2008

The contents of this paper reflect only the observations, conclusions and recommendations of the author and do not in any way attempt to represent the views of the other members of the town board.

OBSERVATIONS: Using data provided by the town bookkeeper's office, it appears as if the cumulative explicit expenditures through the end of June 2008 are \$569,227.79. The data and analysis span from 2002 through June of 2008. The following chart depicts explicit expenditures by year and control point.

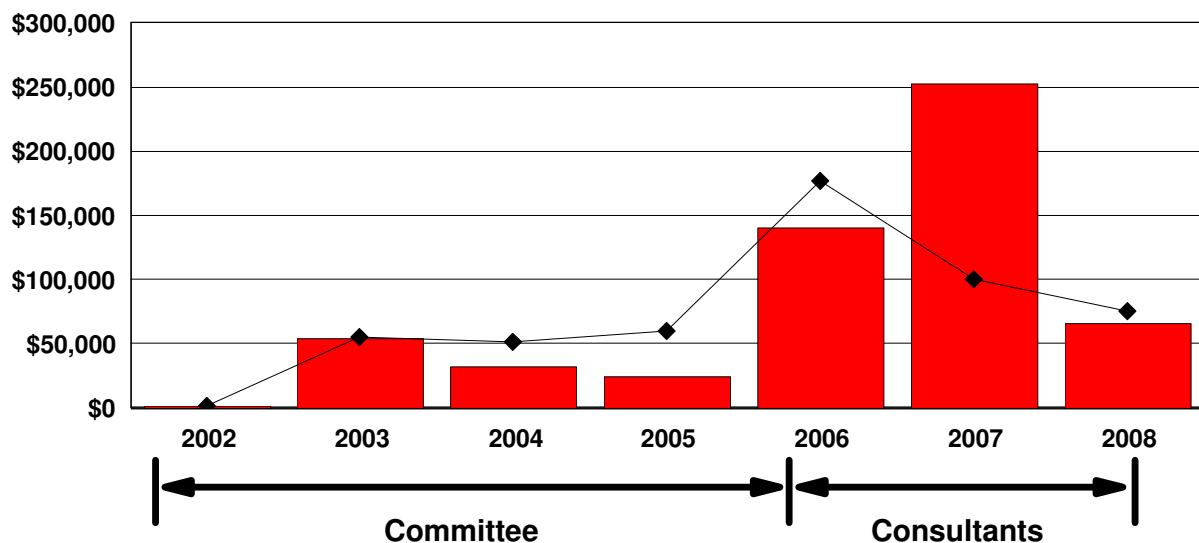
Explicit Expenditures thru 06/08



The following table illustrates line-item detail of the explicit expenditures by year.

	2002	2003	2004	2005	2006	2007	2008	Thru 06/08
Comp Plan (490)	\$988.75	\$53,907.60	\$32,305.18	\$24,015.97	\$88,707.45	\$102,676.12	\$53,771.19	\$356,372.26
Biodiversity (491)					\$49,985.00	\$15,375.00	\$0.00	\$65,360.00
Open Space AH (492)					\$1,396.57	\$68,414.52	\$1,387.90	\$71,198.99
Implementation (493)						\$0.00	\$0.00	\$0.00
Traffic Study (494)						\$12,000.00	\$0.00	\$12,000.00
Review Attorney (495)						\$53,690.79	\$10,605.75	\$64,296.54
Explicit Expenditures	\$988.75	\$53,907.60	\$32,305.18	\$24,015.97	\$140,089.02	\$252,156.43	\$65,764.84	\$569,227.79

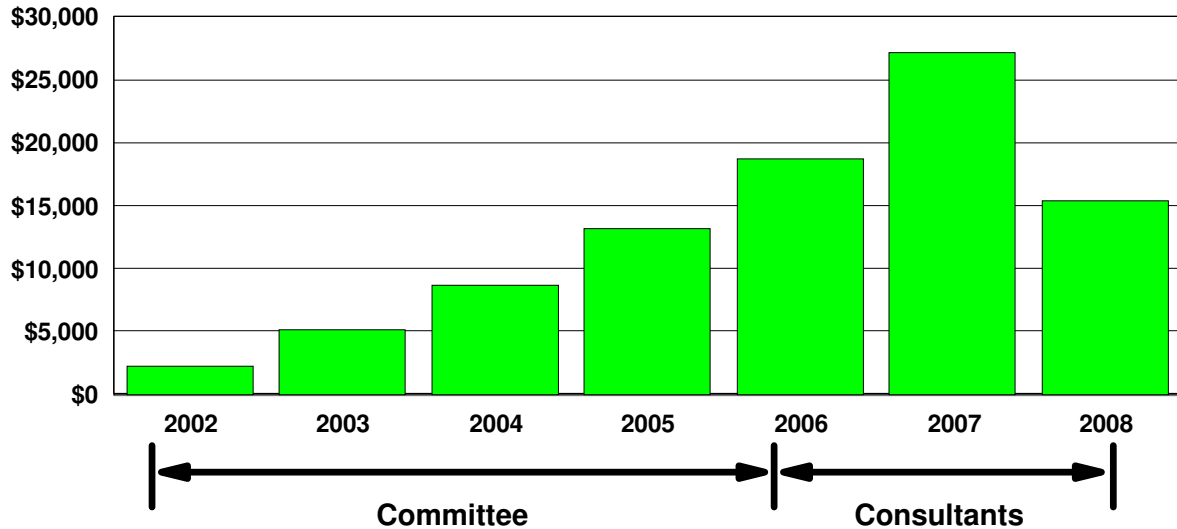
Explicit Expenditures vs Budget thru 06/08



Overall, the explicit expenditures appear to exceed budget appropriations by 18%. When the comprehensive plan committee members were the control point, the expenditures tended to be less than the budget appropriations. When the comprehensive plan consultants were the control point, the expenditures tended to exceed budget appropriations.

Implicit expenditures, or the comprehensive plan associated use of general government, are not readily apparent in the data. As such, a conservative, escalating involvement factor was used to estimate the comprehensive plan related expenditures relative to appropriations for board, supervisor, clerk, attorney, and benefit appropriations. The factor starts at 1% in 2002 increasing to 7% in 2008. The analysis indicates that the estimate of sum implicit expenditures through June 2008 is \$90,538.57.

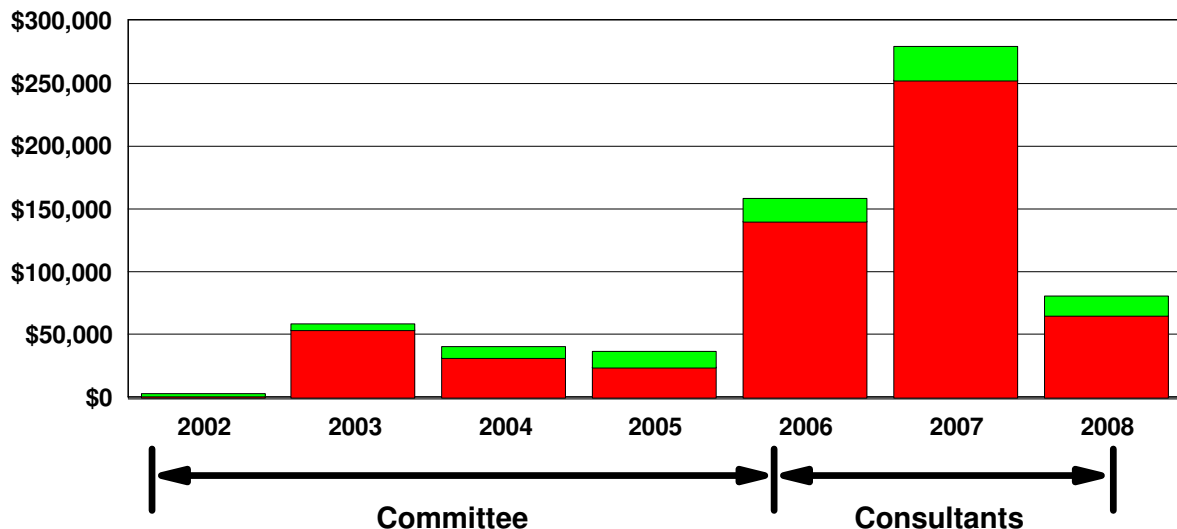
Implicit Expenditures thru 06/08



	2002	2003	2004	2005	2006	2007	2008	Thru 06/08
Involvement Factor	1%	2%	3%	4%	5%	6%	7%	
Board (1010)	\$218.95	\$440.19	\$663.74	\$889.62	\$1,121.81	\$1,340.40	\$880.08	\$5,554.79
Supervisor (1220)	\$551.45	\$1,157.44	\$1,822.02	\$2,549.49	\$3,794.21	\$5,872.36	\$3,444.36	\$19,191.33
Clerk (1410)	\$459.51	\$984.49	\$1,581.93	\$2,259.50	\$3,366.98	\$4,085.43	\$2,336.69	\$15,074.54
Attorney (1420)	\$150.00	\$300.00	\$531.91	\$609.43	\$1,949.80	\$3,205.30	\$554.55	\$7,300.99
Benefits (9098)	\$884.28	\$2,202.99	\$4,116.20	\$6,836.40	\$8,520.14	\$12,711.41	\$8,145.49	\$43,416.92
Implicit Expenditures	\$2,264.19	\$5,085.11	\$8,715.80	\$13,144.45	\$18,752.95	\$27,214.90	\$15,361.18	\$90,538.57

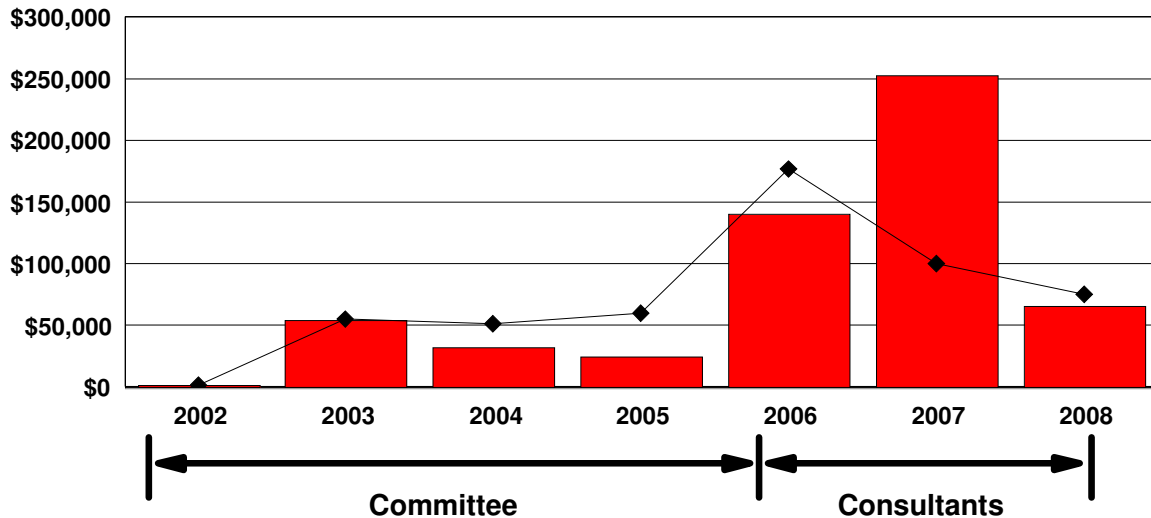
The estimated cumulative expenditures through June 2008 are \$659,766.36. That is, the sum of explicit expenditures of \$569,227.79 and implicit expenditures of \$90,538.57 equals \$659,766.36.

Estimated Expenditures thru 06/08



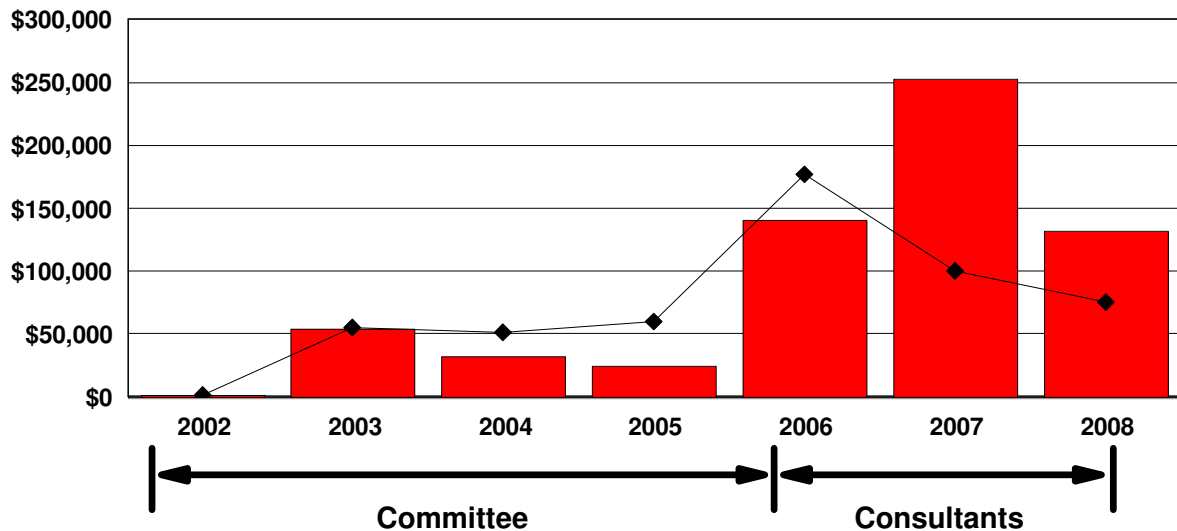
At midyear, 87.7% or \$65,764.84 of the full year budget appropriation for explicit expenditures appears to have been expended. As there are also a few outstanding billings from the first half of the year, 87.7% is probably an understatement.

Explicit Expenditures vs Budget thru 06/08



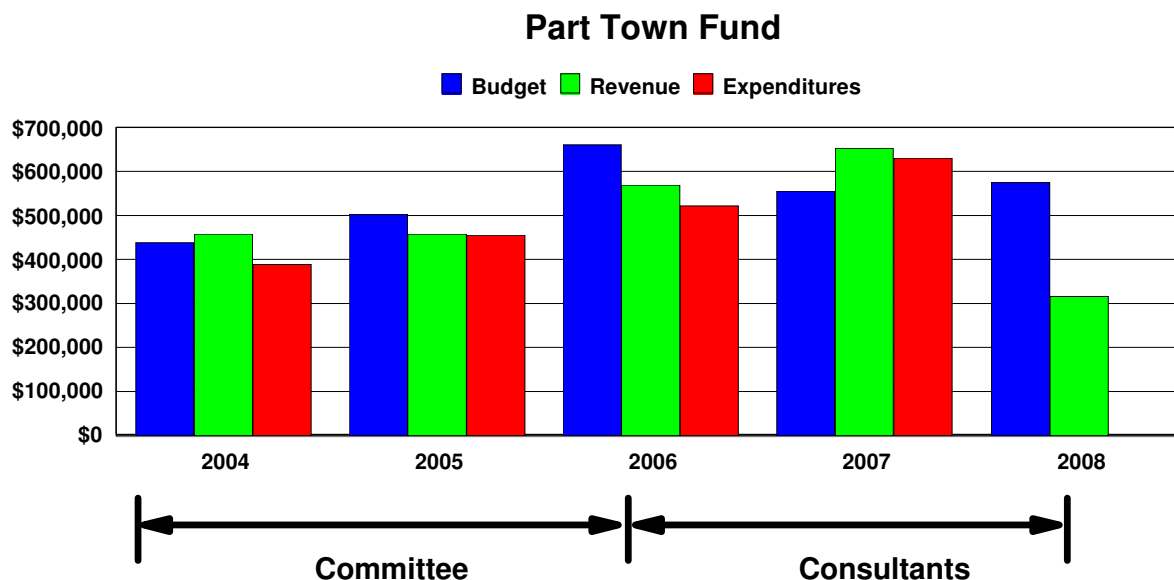
Without considering the outstanding billings, the projection for the year is 175.4% or \$131,529.68 against a budget appropriation of \$75,000 given the current course and speed.

Projected Explicit Expenditures vs Budget



While an overrun on the explicit expenditures is probable, there may be offsetting revenue surpluses or expenditure savings elsewhere in the Part Town Fund. At this point in time, there do not appear to be sufficient offsetting savings and there appears to be a gap of \$258,396 between the approved budget expenses and approved budget revenues.

In the following chart for years 2004 through 2007, the “Budget” indicates the approved budget prior to the onset of the fiscal year; the “Revenue” indicates the actual full year revenues at year-end; similarly, the “Expenditures” bar represent full year actuals. For 2008 the “Budget” bar and the “Revenue” bar both from the approved budget and do not reflect actuals.



The following table illustrates Part Town Fund actual revenues for 2004 through 2007 and approved budget revenues for 2008.

	2004	2005	2006	2007	2008
Property Tax	\$0	\$0	\$0	\$199,302	\$0
DC Sales Tax	\$253,537	\$252,513	\$241,945	\$114,288	\$95,621
Cable Fees	\$31,846	\$36,387	\$39,577	\$0	\$14,000
Zoning Permits	\$2,840	\$3,850	\$3,011	\$2,950	\$5,500
Planning Fees	\$3,479	\$5,060	\$3,205	\$3,080	\$7,500
Building Permits	\$45,252	\$33,139	\$63,292	\$86,064	\$55,000
Certificates of Occupancy	\$13,820	\$13,010	\$10,950	\$10,225	\$15,000
Garbage Bags	\$67,677	\$60,192	\$59,970	\$60,627	\$60,000
Recycling Permits	\$1,699	\$1,328	\$1,450	\$1,561	\$1,300
Sales of Metals		\$392	\$958	\$3,097	
Sales of Bulk Items	\$8,765	\$7,742	\$7,770	\$7,671	\$7,000
Sales of Tires	\$174	\$321	\$324	\$469	\$300
Minor Sales	\$680	\$1,318	\$668	\$2,325	\$0
Interest & Earnings	\$8,747	\$20,405	\$99,826	\$60,661	\$55,000
Dividends	\$537	\$2,019	\$1,799	\$1,693	
Refund from Prior Years	\$0	\$0	\$7,720	\$1,606	\$0
Per Capita	\$20,450	\$21,217	\$25,453	\$7,217	\$0
DC Rhineson Grant				\$90,233	
NYS Grants	\$0	\$0	\$3,000	\$0	\$0
Revenue	\$459,504	\$458,892	\$570,918	\$653,069	\$316,221

SUMMARY: It appears as if at least \$569,227.79 of explicit expenditures have been made relative to Town of Rhinebeck comprehensive plan through June of 2008. The actual explicit expenditures are probably higher due to outstanding billings. Approximately 70.6% of the explicit expenditures occurred when consultants were the control point and 29.4% occurred when the control point was the committee. Implicit expenditures are conservatively estimated to be \$90,538.57. For 2008, the estimated gap in funding in the Part Town Fund is \$258,396 and the projected expenditure overrun is estimated to be \$65,764.84.

GENERAL OBSERVATIONS: In preparing this analysis, it seemed as if prior town boards have frequently adjusted appropriations and expenditures during a fiscal year. They had access to numerous inline surpluses, well stocked reserves and the benefit of relatively strong economies. These conditions seem general and not unique to the comprehensive plan.

Under those conditions, convenience may have carried some weight in expenditure related decisions. If, in fact convenience was considered early on in the decision making process, then the potential to compromise stringent fiscal practices could have been introduced.

The longstanding, favorable economic conditions may or may not have had some influence on the decision making and fiscal management practices of recent prior town boards. Today, however, the economic conditions are starting to erode. Real costs are going up rapidly, reducing surpluses. Reserves are lower because they have frequently been deeply tapped and have been replenished less often and more sparingly. The economy and tax base is at best stagnant and probably declining. As such, the current town board is faced with a different set of challenges than its recent predecessors.

RECOMMENDATIONS: The point of control for the comprehensive plan is now with the town board. The town board needs to maintain focus on driving to closure the plan, associated regulations and relevant actions. The board should do so in a frugal manner while concurrently seeking to mitigate avoidable future costs. Examples of influences of convenience are open-ended plans/commitments/contracts while potential litigation and slipping schedules are examples of avoidable future costs.

Other municipalities have learned that litigation can be fiscally devastating in the near-term and can potentially negate the benefit of prior work and expenditures. From this point forward, the town board should anticipate that there will be litigation. The town board should make reasonably thorough efforts to ensure that:

1. Adopted regulations, actions, objectives and visions are true to the wants and needs of, as well as supported by, the majority of impacted stakeholders;
2. Adopted regulations and actions are founded upon legally and ethically acceptable bases;
3. Procedures followed throughout the adoption process conform to and emulate acceptable norms.

NEXT STEPS: The revenue data through June 2008 was not yet available at the time that this paper was being written. A possible update to this paper is the inclusion of first 2008 revenue data.

The finance and controls committee has been researching possible enhancements for financial controls. Recommendations from the committee to the town board are to be expected.